

HOUSING ADVISORY COMMITTEE
RCLCO Housing Study Recommendations Subcommittee
Meeting Notes
Neighborhood Development Services Conference Room, City Hall
August 17, 2016
12:00 pm

Attendance Record	Present	Absent
MEMBERS		
Betsy Lawson	X	
Bob Hughes	X	
Carmelita Wood	X	
Dan Rosensweig	X	
Erin Briggs-Yates	X	
Frank Stoner	X	
Grant Duffield	X	
Jennifer McKeever		X
Jody Lahendro	X	
Joy Johnson		X
Joyce Dudek	X	
Kristin Szakos	X	
Lesley Fore	X	
Nancy Kidd	X	
Paul Kent	X	
Phil d'Oronzio	X	
Ridge Schuyler	X	
Steve Stokes	X	
NON VOTING MEMBERS		
IMPACT		X
Ron White	X	
Trish Romer (UVa)		X
STAFF		
Kathy McHugh	X	
Stacy Pethia	X	
Tierra Howard	X	
Missy Creasy	X	
Alex Ikefuna	X	
Lisa Robertson		X
OTHERS		
Sean Tubbs - C'ville Tomorrow	X	
Edith Good	X	

Welcome and introductions

Kathy McHugh started the meeting at 12:05 PM by welcoming everyone present. Ms. McHugh reminded committee members she will be leaving the City of Charlottesville to pursue further education. Her last day with the City will be Friday, August 19, 2016. Ms. McHugh then introduced, Stacy Pethia, who is replacing Ms. McHugh as the new Housing Program Coordinator. HAC members were asked to briefly

introduce themselves. Each member did so. Ms. Pethia thanked them and stated she is looking forward to working with the HAC moving forward.

Review & consideration of HAC minutes from May 18, 2016 meeting

HAC members approved the minutes from the May 18, 2016 meeting.

Presentation and discussion of potential pilot for Integrating Energy Improvements (Susan Elliott)

Susan Elliott, City of Charlottesville Climate Protection Program Coordinator, discussed a pilot program for low-income families. The program provides easy to install, energy saving materials (such as hot water tank and pipe insulation wraps) to low-income families to help lower their energy consumption and monthly energy bills. Ms. Elliott explained the City is hoping to partner with organizations already providing home repair, rehab or other retrofitting services to install the materials. She stated the materials are easy to install, although some front end training may be required. Ms. Elliott confirmed her department does not have the staff capacity to follow up with organizations to make sure the materials were installed properly, which is why she is hoping to work with organizations already familiar with retrofitting. They are hoping to assist 80 households through this pilot program. Ms. McHugh suggested LEAP may be a good partner. Kristin Szakos noted many projects, such as those completed by AHIP and Habitat for Humanity, already have energy saving features built in to the scopes of work so it is necessary to identify families not already being served. She suggested possibly working with small, private contractors. Dan Rosensweig suggested focusing efforts on trailer parks. They tend to house extremely low income families and could help the program meet its goal of 80 households quickly. Also, trailers tend to be extremely inefficient in energy consumption; he is aware of families who have monthly bills of \$700 - \$800. Mr. Rosensweig also asked if there is any funding available to pay for installation services. He noted that many residents have the skills needed to perform the installation work, but lack connection to any employment opportunities. This could be an excellent way to provide residents with a source of income, as well as make installation easier – they would be known and trust by other community residents. Ms. Szakos suggested this might be an appropriate use of CAHF funds.

Review and discussion regarding HAC subcommittee efforts to review the RCLCO Comprehensive Housing Analysis and Policy Recommendations report dated January 13, 2016 (Kathy McHugh and Stacy Pethia)

Kathy McHugh began the discussion by provided background information on the RCLCO housing report. On 3/1/2015, City Council approved the use of the Charlottesville Affordable Housing Fund (CAHF) for use in preparing a Comprehensive Housing Analysis and Policy Recommendations report for the City. The report was prepared by Rhodeside and Harwell, a current on-call consultant with the City, and the Robert Charles Lessor Company (RCLCO). RCLCO worked with the HAC and City staff on preparation of the report during the last half of 2015, with final report recommendations being presented to City Council on 2/1/2016.

During that meeting, City Council charged the HAC with completing an in-depth review of the report, and working with City staff on recommendations for to Council regarding and short- and long-term policies to increase the share of affordable housing in the City, as well as identifying items Council should add to their legislative agenda for enabling legislation. Staff was asked to return to City Council in the early fall with a follow-up report.

To comply with the Council's directive, the HAC formed the RCLCO Housing Study Recommendations Subcommittee. The subcommittee met three times between February and August 2016 to discuss the summary of potential policy options outlined in the RCLCO report. Ms. McHugh stated the purpose of today's HAC meeting is to present the subcommittee's recommendations to the broader HAC for discussion and approval.

Ms. McHugh began the discussion by explaining the organization of the chart of recommendations, noting that, if a row number is italicized, the information contained in that cell is a recommendation not included in the list of policy recommendations provided by RCLCO. She also noted that the recommendations are not presented in any ranked order of preference; rather, they are presented based on ease of implementation. Completing the description of the chart's organization, Ms. McHugh moved on to the presentation of the Subcommittee's recommendations, beginning with current City policies:

1. Current City code allows for density bonuses; however, those bonuses are not targeted towards the production of affordable housing. As Virginia Code 15.2-2305 provides authority to use density bonuses to obtain affordable housing
2. Ms. McHugh noted the City is currently working to implement form based code through the Strategic Investment Area plan. The Subcommittee recommends staff take steps to ensure incentives for the development of affordable housing (such as building height increases, lot size decreases and reduced setbacks) be included in the code.

Mr. Rosensweig pointed out that Lisa Robertson, legal counsel for the City, was present during the discussion of the code incentives. She introduced the possibility of additional allowances for affordable housing in the form based code process, which can be done by right. For example, the City could offer an extra floor area ratio (FAR) if that FAR is used for affordable housing. Ms. Robertson knows of examples where this is happening.

Ms. McHugh stated she had received a call from Ms. Robertson prior to the HAC meeting. Ms. Robertson apologized for not being able to attend today, but is available for further assistance in the future. Ms. McHugh noted that Ms. Robertson's intent is to stimulate, incentivize, create opportunities in the City code that will attract developers to create affordable housing in the City.

Ms. Szakos noted it would be a good idea for Ms. Robertson to attend the City Council when the RCLCO recommendations are presented, in case there are questions she must answer. Ms. McHugh made note that of the request and will pass along to Ms. Robertson.

Ms. McHugh then continued with the recommendations related to current City policy:

3. Ms. McHugh stated the Subcommittee noted the importance of working towards the 2025 Goal for affordable housing. However, she noted further consideration of the original goal assumption is needed, as is measuring the City's progress toward that goal.

4. As to use of the City's current real estate tax relief programs, Ms. McHugh noted HAC members would like to see these expanded to include properties owned by the Thomas Jefferson Community Land Trust, as well as deed restricted properties, in order to reduce the tax burden on low-income families.

5. To finish the review of current policies, the subcommittee recommended NDS staff review the current expedited review process. Ms. McHugh noted expedited review is allowed in a few different instances. First, if 15% of a proposed development will be affordable units, the review time is reduced to 21 days. This is also true for any projects to which the City's Affordable Dwelling Unit (ADU) ordinance applies. However, the subcommittee felt the process was not working as intended; therefore, it should be reviewed to determine if anything can be done differently.

Ms. McHugh then moved on to discuss the category of Additional Policy Options but Not Pursued by the City (APO). She highlighted the following:

1. The ADU ordinance has been revised three times during the past six years, including a revision tying the cash in lieu amount to the Consumer Price Index. Subcommittee members believe the amount of payment may be too low to incentivize developer provision of affordable units. The subcommittee recommends the City work, through the legislative agenda, to increase the amount of cash in lieu payment to encourage more developers to provide on-site/off-site affordable units. At the very least, an increase in payment amount would increase the amount of money available in the CAHF.

2. Ms. McHugh noted the subcommittee recommends against the RCLCO recommendation of increasing the minimum floor area ration for commercial developments, as they feel this is already happening through market forces.

3. The subcommittee also declined to endorse the automation of the City's tax relief programs. It is not clear how the City could undertake such automation. They recommend, instead, improved outreach, communication and collaboration related to existing programs.

Ms. Szakos noted it would be helpful to work with the Department of Social Services to educate/provide information to staff about the City's tax relief programs. This will make it easier for counselors and department to refer families needing assistance to the appropriate housing programs.

Ms. McHugh noted one major challenge to overcome is the dispersement of programs throughout various City departments. It would helpful if representatives from each department would sit down and find to coordinate/cooperate in program delivery, such as agreeing to a universal system for income/qualifications verification.

4. The next recommendation discussed was the use of a Transfer of Development Rights program. Such a program holds potential and would provide an opportunity for the City and Albemarle County to work together. However, Ms. McHugh pointed out that much work would be needed to iron out the legalities and feasibility of a viable program. She further noted that this is most likely a long term

process, requiring the creation of a receivership area and designated transfer areas where limited development is desired.

5. The final recommendation under APO, added by the subcommittee, is increasing the City tax exemption and tax abatement programs targeted to rehabilitation work, to include all residential properties, including those converting to residential use. New York City's J-51 and J-51 Enriched programs were highlighted as a possible model.

The discussion continued with the subcommittees Short Term Recommendations (STR), including:

1. Ensure the implementation of the Strategic Investment Area and form based code changes consider the impact on affordable housing.
2. Add "workforce housing" as a separate affordable income category to Housing Policy 1. This was felt appropriate as moderate income households are competing for an increasingly limited supply of housing. Ms. McHugh noted such a designation could benefit young professionals and households over the age of 55 who struggle with housing prices.

Ms. Szakos noted there may be some pushback from City Council on the term "workforce housing". There are people working who are in deep poverty and there are people working who are extremely rich, so this shouldn't be looked at as an income category.

Ms. McHugh noted the RCLCO report referred to the category as "moderate income" and identified a specific need of housing for this group.

Ms. Szakos explained there has been considerable discussion on the topic amongst City Counselors. She noted there is more interest in targeting housing toward City workers (policy, firefighters, teachers), but there is little support for a general "workforce" income category.

3. Ms. McHugh went on to discuss STR 3. She noted the subcommittee highlighted the need to consider the impact of minimum densities in mixed use corridors on the ADU ordinance.

4. The subcommittee recommends the City continue to support the Charlottesville Redevelopment and Housing Authority's public housing redevelopment efforts.

5. Also recommended is enhancing code enforcement of privately managed rental housing as a means for improving property conditions and the quality of life for low-income residents.

Ms. McHugh noted that any increased code enforcement could lead to displacement of low-income residents from units that do not meet code standards if landlords are unwilling to bring the properties up to code.

Ms. Szakos added this could also discourage landlords from offering providing affordable housing due to fears they may have to spend money to bring their units up to code standards.

Ms. McHugh stated the City has a property maintenance division with Neighborhood Development Services. Currently, staff checks neighborhoods once per year for code violations; however, staff cannot

enter a property without an invitation to do so. Ms. Szakos noted inspectors can be invited into homes by tenants. There are several brochures available outlining the process.

Ms. McHugh noted the subcommittee felt that, if the City does enhance code enforcement, there should be some sort of support for landlords to bring their rental units up to code in exchange for non-displacement of tenants.

Mr. Rosensweig further explained the subcommittee's intent was to tie enforcement and non-displacement mechanisms together. If the City is going to enforce building codes, then there needs to be a way to ensure non-displacement, whether that is through deed restrictions for a period of time or some other mechanism. The idea needs to be fleshed out a bit more. Ms. McHugh suggested using the structure of the Block-by-Block rehab program as a model.

Stacy Pethia suggested creating a landlord risk reduction program for the City. The program would provide forgivable loans to landlords to offset cost of unit rehab, in exchange for maintaining the unit as affordable for a period of time. She described a program model she created for the Housing Authority of the City Pittsburgh's Housing Choice Voucher (HCV) program. The proposed program would provide loans of \$1,000 - \$3,000 to offset cost of significant tenant damage in exchange for continuing to rent the unit to HCV program families. She offered to forward a copy of the proposal to all HAC members for review.

Mr. Rosensweig motioned to add a recommendation to the current list to pursue the creation of such a program for the City. Phil D'Oronzio seconded the motion. Alex Ikefuna stated the CRHA needs to be involved in the process as well as other voucher issuing agencies. All members presented voted in favor of the motion.

Returning to the study recommendations, Ms. McHugh noted the following rounded out the Short Term Recommendations:

6. Increased funding of the Charlottesville Affordable Housing Fund (CAHF) is wholeheartedly supported; however, this may well need to be supported by a review of the 2025 housing goal.

7. A focus on the SIA is repeated within the RCLCO recommendations; with special emphasis on encouragement of mixed use/mixed income housing to accomplish associated goals.

8. Similarly, codified incentives to encourage mixed use/mixed income housing within West Main and the Cherry Avenue corridors is needed.

As for Long Term Recommendations, the subcommittee identified the following:

1. Providing incentives (through financial assistance or zoning revisions) to offset the cost of structured parking is needed to increase density and affordable dwelling units.

2. While inclusionary zoning is not currently allowed under Virginia Code, it could have a significant positive impact on affordable housing within the City. Accordingly, the City should look to the legislative agenda to pursue legislation that would allow for this.
3. Working with Albemarle County to increase affordable and workforce housing is essential; however, working through the recently adopted MOU will provide a viable platform for discussion of such issues. Ms. McHugh noted a joint City/County meeting has been scheduled to begin development of working program.
4. Through the use of tax abatements and/or credits, it is thought that the City could look to establish a right of first refusal program to restrict the future sale or transfer of privately owned affordable and/or workforce housing units. The details of such a program would need to be identified for this long term recommendation. This may require enabling legislation.
5. Consolidation of mixed use zoning districts will need to be analyzed further; however, this could be included in the code audit and could serve to simplify the review process.
6. The high cost of internet service was identified as a need of low income residents. Provision of free access is thought to be something that is needed as this is essential for self-sufficiency and housing stability. This recommendation is the result of the consumer research conducted by RCLCO for the housing study. Free internet access can help low-income families access employment opportunities, educational resources, etc. and achieve self-sufficiency
7. Coordination of fair housing, tenant advocacy and affordable housing location services is needed for both the City and Albemarle County. This could be modeled using the UVA off-ground housing office approach for location of off campus housing.
8. Use of tax credits or other after purchase subsidies is needed to help workforce households purchase housing and to maintain these units over the long term. It is recommended that this be moved to a short term recommendation.
9. Use of shared equity financing, including employer provided/generated resources is needed to assist low income/workforce households purchase a home. It is recommended that this be moved to a short term recommendation.
10. The Low Income Housing Tax Credit (LIHTC) Program is the largest source of affordable housing financing in the nation. Expanding the use of this program in Charlottesville is important and may require gap financing; however, it is important to maintain existing LIHTC units and to add to the supply locally.

Finally, Ms. McHugh presented a number of recommendations based on information contained within the housing study but not called in out in the RCLCO recommendations, or were added specifically by the HAC. These include:

1. Dedication of surplus City land for affordable housing, when suitable.
2. Establishment of an Affordable Housing Overlay District or codified incentives to provide

affordable housing – Mr. Rosensweig noted this can be a tool for the deconcentration of poverty.

3. Exploration of the use of housing programs in other areas that would support workforce and the moderate income tier.
4. Exploration of other programs that support fee waivers, expedited review and reservation of units for affordable households.
5. Inclusion of all 12 HAC code audit subcommittee recommendations.
6. Concern over the need to exercise care in use of form based zoning to ensure that changes don't negatively impact affordable housing.
7. Use of zoning code incentives to providing additional density.
8. Investigation of form based code to stimulate and incentivize on site affordable housing.
9. Examination of development of a Revolving Loan Fund to provide gap financing – Ms. McHugh noted the CAHF has not yet been used this way.

Ms. McHugh stated this covered all of the housing study recommendations and asked for any reactions or comments. As there were none, she suggested the next steps would be to have Ms. Pethia formally write up the recommendations for City Council. Carmelita Wood motioned to take that action, Frank seconded the motion, and all voted in favor.

Public comment

Ms. McHugh asked if there were any public comments. There were none.

Ms. McHugh suggested putting the subcommittee meetings hold to give Ms. Pethia time to adjust to her new position. Then thanked everyone for attending and adjourned the meeting.

Meeting adjourned 1:45 PM.